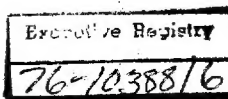


The Deputy Director
Central Intelligence Agency



Washington, D.C. 20505



24 NOV 1976

NOTE FOR: DDA
IG

SUBJECT: Donation by John McCone to
Educational Aid Fund

I have reviewed your papers
to me on John McCone's proposed
donation to the Educational Aid
Fund. I can see no reason to
object to his generosity.

I think you will find
interesting the attached opinion
of the General Counsel's office
on this subject.

/s/ E. H. Knoche

E. H. Knoche

Attachment:
OGC Opinion

Orig: [REDACTED] (23 Nov)

Distribution:

DDCI w/att

DDA w/att

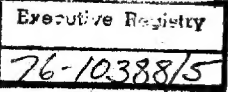
IG W/att

[REDACTED] w/att

ER

STATINTL

STATINTL



22 November 1976

NOTE FOR: Mr. Knoche

SUBJECT: Donation by John McCone to Educational
Aid Fund

1. The attached note from the DDA recommends that Mr. McCone's donation be accepted and includes some background material on previous advise given by Colby on the subject of donations (Tab A). The DDA sent his note and the background to the IG for comment.

2. The IG recommends against accepting the donation (Tab B). He argues that there would be an appearance of impropriety for the Agency to receive funds from someone with a relationship to ITT.

3. I referred the matter to the General Counsel. Attached at Tab C is an opinion from the General Counsel's office [REDACTED] which states that acceptance of the proposed donation would not be prohibited by conflict of interest statutes, E. O. 11222, or any Agency regulations implementing them. I do not think Mr. Colby's directive to the DDA (Tab D) applies and I recommend you interpose no objection to the donation. One of the points of the OGC memorandum is that EAF is not a government entity, and hence I think there is some question as to the Agency's authority to object to the donation. In any event, Paragraph 11 of the OGC memorandum astutely points out that McCone's former interest in and efforts on behalf of EAF in fact argue against any actual impropriety.

STATINTL

[REDACTED]
Assistant to the Deputy Director

STATINTL

Attachments:
as stated

NOV 24 1976

EU

UNCLASSIFIED

INTERNAL
USE ONLY

CONFIDENTIAL

SECRET

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

FROM:

DDCI

EXTENSION

NO.

DATE

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. *ED/ DDA*2. *ADDA*3. *30 NOV 1976*4. *DDO Personnel
Director of Personnel*5. *att: [redacted]*

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

*Tos
Fred,
Please phone
me when you
get this paper*

STATINTL

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

SENDER WAS APPROVED FOR RELEASE 2001/11/20 : CIA-RDP79M00467A000200090003-8			
UNCLASSIFIED		CONFIDENTIAL	
OFFICIAL ROUTING SLIP		SECRET Executive Registry 76-10388/4	
TO	NAME AND ADDRESS	DATE	INITIALS
1	[REDACTED] 7E31		
2			
3			
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
Remarks: [REDACTED] paper herewith on the McCone offer of a contribution to EAF tacitly suggests, at least to me, that the Agency need not have asserted such a managerial role in the past and perhaps should not have done so.			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
[REDACTED] OGC 7 D 01			11/20/76
UNCLASSIFIED		CONFIDENTIAL	SECRET

FORM NO. 1-67 237 Use previous editions

(40)

SECRETARY FOR McCone/DCI Box

OGC 76-6561

19 November 1976

STATINTL

MEMORANDUM FOR [REDACTED]

STATINTL

FROM [REDACTED]

Office of General Counsel

SUBJECT : Educational Aid Fund/John McCone Contribution

1. Mr. McCone has offered to make a contribution--his fee from the reprint of an article--to the Educational Aid Fund (EAF). According to your memorandum, the DDA has recommended that the Agency accept the offer, but the IG has disagreed. The question is whether acceptance of Mr. McCone's offer is prohibited by Executive Order 11222 or by any other law or regulation. Since EAF is an independent, tax-exempt organization, the Fund may, if it wishes, accept the contribution.

2. The EAF was established in October, 1963. It is a voluntary association--formed to provide assistance to dependents of CIA employees attending institutions of higher learning--governed by a Board of Trustees consisting of senior Agency officials. Under the bylaws of EAF, trustees are elected by a majority vote of the trustees in office, although the first Board was designated and appointed by the Director of Central Intelligence. Trustees, however, need not be Agency employees.

3. The Fund receives the preponderant part of its contributions in the form of small donations made during the general solicitation of CIA employees concurrently with the annual Combined Federal Campaign. While outside contributions have not been solicited since 1973, contributions are occasionally received from outside sources.

4. EAF provides financial assistance to qualified dependent children of current, retired and deceased Agency employees. All assistance is awarded on a competition basis in the form of interest free loans and grants. The primary factors in determining eligibility for scholarship aid are the applicant's scholastic record, motivation and financial need. Selection is based on the applicant's academic achievement as indicated by secondary school record and college board scores, recommendation from high school faculty, an essay written by the student and a financial statement from the parents. Recipients are also expected to contribute to their educational

expenses through part-time work during the school year and during the summer or by qualifying for other scholarship. More than one member of the same family may receive an award, and awards may be given to the same individual in successive years if the student reapplies.

5. All applications are reviewed in sterile form by the EAF Selection Committee which in turn recommends to the EAF Board of Trustees the appropriate assistance in each case. The Committee will recommend a grant when unusual financial problems exist; however since 1970 loans have been the usual form of EAF assistance.

6. Pursuant to section 501(c)(3) of the Internal Revenue Code, the EAF was granted tax exempt status on 10 January 1964 as a charitable, educational association. It is legally an organization separate and distinct from the Agency and its functions. The trustees serve in a private capacity rather than as Agency officials. Therefore, they observe the provisions of the bylaws of the Fund. Article II provides that one of the purposes of the EAF is to "accept and receive gifts, grants, devises, bequests, and funds as otherwise donated to this Fund by any person or persons, group or groups, and to use or dispose of the same for the purposes of this Fund, or as directed by said donors."

7. Neither conflict of interest statutes, Executive Order 11222, nor Agency regulations implementing them to restrict activities of Government employees would apply to prohibit the EAF from accepting Mr. McCone's gift, since the EAF is not a Government entity or employee.

8. Under 18 U.S.C.A. §208 Government employees may not participate as such in certain decisions which would involve matters in which they have financial interests. Since there is no such participation as an officer or employee, section 208 is inapplicable.

9. Concern expressed about the involvement of Agency employees in EAF fund-raising activities resulted in a statement in August, 1974 by Colby:

Let us:

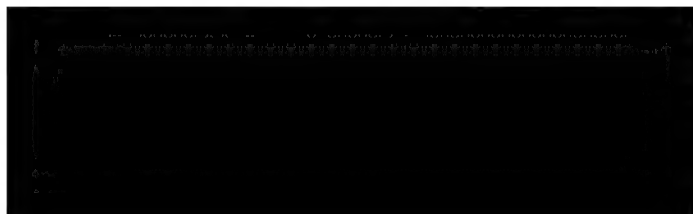
- a. Stop soliciting or receiving corporate contributions or funds from individuals doing business with us (retirees etc., are ok)....

This decision was made after review of the opinion, dated 18 August 1974, of the IG that section 201 of the Executive order prevents Agency solicitation

of funds in behalf of EAF. It would not, however, apply to prohibit receipt by EAF of a gift from Mr. McCone.

10. While recognizing that there are instances where there could be an actual violation of section 201 for Agency employees on their own time to solicit or accept donations in behalf of EAF, I cannot agree that the present situation would involve such a violation. First, the donation would be sent directly to the Fund by the publisher of Mr. McCone's article; thus, the Executive order and the CIA regulations are inapplicable because the Fund is not a Government employee. Secondly, even if the contribution of Mr. McCone were solicited or received in behalf of EAF by someone who is also an Agency employee, section 201 is not violated because the solicitation or receipt would be for another--not for the employee for his own benefit.

11. Finally, even if acceptance of contributions for EAF by Agency employees seems inappropriate in view of the McCone/ITT relationship, a strong argument in support of such activity can be made, in view of the strong McCone/CIA relationship and his historic personal interest in the welfare of CIA and its employees, which would argue against the appearance of an impropriety. In any event it is the opinion of this Office that acceptance by EAF of Mr. McCone's gift is not prohibited by Executive Order 11222 and would not involve a violation of Government conflict of interest provisions. STATINTL



ER

Executive Registry
76-10388/3

2 November 1976

NOTE FOR: General Counsel


SUBJECT: Proposed Contribution to Educational Aid Fund by Mr. John McCone

1. As the attached documentation explains, Mr. McCone has offered to make a contribution to the Educational Aid Fund. This particular contribution apparently was not solicited by anyone in the Agency.

2. The DDA recommends that the Agency accept the offer, but forwarded the background information to the Inspector General for his comment. The IG recommends against acceptance of the offer.

3. The background papers include a memorandum by the former Inspector General which concludes in paragraph 5 thereof that the Agency may have been in violation of Section 201 of E.O. 11222 in its previous activities to raise funds on behalf of EAF. In your opinion, is acceptance of the offer by Mr. McCone prohibited by E.O. 11222 or any other law or regulation?

STATINTL


Assistant to the Deputy Director

Attachment:
ER 76-10388/2

(EXECUTIVE REGISTRY FILE *McCone/DCI/for*)

☐ UNCLASSIFIED

☒ INTERNAL ONLY

☐ CONFIDENTIAL

☐ SECRET

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

ROUTING AND RECORD SHEET

SUBJECT (Optional)

Executive Registry

74-4211

FROM:

OIG

EXTENSION

6565

NO.

DATE

19 August 1974

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1.

DCI

8/20

9/20

9

2.

3.

DDA

SS

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

DD/A

9 OCT 1974

14.

OP

15.

Let us:

a. Stop soliciting or receiving corporate contributions or funds from individuals doing business with us (retirees etc are OK)

b. Advise our oversight committees of this action

To 13: We have advised our committees - no problems

20 SEP 1974

STATINTL

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

FORM 3-62

610 USE PREVIOUS EDITIONS

☐ SECRET

☐ CONFIDENTIAL

☒ INTERNAL USE ONLY

☐ UNCLASSIFIED

PERS - 74- 4646

1 AUG 1974

Noted by D.C.F.

9/20/74

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Solicitation of Corporate Contributions for
the CIA Educational Aid Fund

1. Per your request, we have investigated current and past Agency practices with respect to the solicitation of contributions from corporations and outside individuals for the Educational Aid Fund (EAF). Historically, a 15 April 1964 memorandum from the Office of the General Counsel contained the statement that "it would be proper for the EAF to solicit donations from persons and incorporations with whom the Agency is doing business." However, the memorandum went on to caution against overzealousness in the sense that prospective contributors should not be left with the impression that they could expect any special considerations or benefits as a result of their donations. The newly constituted EAF Board of Trustees held its first meeting on 21 April 1964 and accepted the proposal that contributions to the EAF may be solicited from outside the Agency. The Board of Trustees agreed to compile a list of Agency and OSS alumni who were considered to be good prospects and to approach them for donations. Although the list was compiled and the subject was enthusiastically discussed at a number of subsequent meetings, it appears from the records that nothing of any substance or significance developed until Mr. John Bross, Chairman of the EAF Board of Trustees, met with Mr. John A. McCone in the latter part of 1970.

2. On 16 November 1970, Mr. McCone agreed to give \$50,000 to the EAF over a period of 10 years and to undertake a fund-raising campaign in New York in February 1971 among alumni and others interested in intelligence activities. The latter included

~~Administrative - Internal Use Only~~

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

**SUBJECT: Solicitation of Corporate Contributions for the CIA
Educational Aid Fund**

business friends and associates of Mr. McCone who were affiliated with some of the largest corporations in the United States. The highlight of the campaign was a dinner hosted by Mr. McCone at the Links Club in New York on 10 February 1971 and attended by about half of those invited. The principal speaker at the dinner was Mr. Richard Helms, then the DCI. As a result of the dinner, a number of substantial contributions were made to the EAF as can be seen from Attachment A, which includes lists of outside contributors from 1971 to the present. Since that time there have been no other fund-raising events. However, throughout 1972, Mr. Lawrence Houston, who succeeded Mr. Bross as Chairman, wrote a number of letters of solicitation to previous contributors. Active outside solicitation seems to have subsided by 1973, since contributions to the fund for the past two years have come mainly from Agency employees and former colleagues such as Mr. McCone and [REDACTED]

3. In our investigation, we could find no one other than Messrs. McCone, Bross, and Houston who solicited donations for the EAF from corporations or individuals outside the Agency. It is inconceivable that any of these three gentlemen could have thought in terms of personal profit in soliciting these donations. Further, we found no evidence to suggest that the Agency consciously bestowed benefits on those who contributed as opposed to those who did not. Although ITT contributed \$5,000 to the EAF in 1971 and has received briefings by the Agency on a number of occasions over the years, the briefings were related to its work as an Agency contractor and there is no indication that these briefings were occasioned by its contribution. The same situation obtains with respect to the other corporations that contributed to the EAF.

4. As Attachment B, I have included a copy of a personal letter from Mr. McCone to a few of his wealthy business friends. I would call your attention to the penultimate paragraph which could provide considerable nourishment to those who have misgivings

~~Administrative - Internal Use Only~~

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

STATINTL

**SUBJECT: Solicitation of Corporate Contributions for the CIA
Educational Aid Fund**

about the Agency. Although the tone of the paragraph is perhaps regrettable, there is again no record of any individual or corporation receiving any special treatment as a result of making a contribution to the EAF.

5. Section 201 of Executive Order 11222 (8 May 1965) states that, unless otherwise authorized by regulation, no employee shall solicit any gift from any person, corporation or group which has or is seeking to obtain a contractual or other business or financial relationship with his agency. It would appear, therefore, that the Agency was remiss in undertaking its external fund-raising campaign for the EAF. I am persuaded, however, that there was no misconduct on the part of any Agency employee in this activity, either from the standpoint of personal gain or of providing special benefits to contributors. Nevertheless, given today's climate, I would suggest that you report this past activity to our oversight committees.

STATINTL


Donald F. Chamberlain
Inspector General

Attachments
As Stated

1971

ITT

5,000.00 ✓

ITT

5,000.00 ✓

When I was Director of Central Intelligence, I was deeply impressed with the quality of the organization - a quality superior to any other agency of government. This superior quality must be preserved.

During my tenure in office, several men were forced to leave and seek private employment because their government salaries, while adequate for their family support at home, did not provide funds necessary to send their children through college.

This worried me and I, therefore, initiated a CIA Educational Aid Fund which is administered by the senior men in the Agency and helps with the problem mentioned above. Since I left the Agency, several attempts have been made to stimulate the Fund but a relatively small amount is contributed annually and hence, there is a short fall between available resources and need.

The problem is handled in the foreign service and in the foreign military services and in the FBI through their alumni associations, i. e., Navy League, Air Force Association, Foreign Service Association, etc. Both the CIA and I are wary of creating such a CIA organization for fear it would be labeled "The Old Spooks".

To help the situation along, I have committed to give \$50,000 personally to the Fund. Also, I am giving a dinner on February 10th at the Links in New York and have invited about 50 of the more prominent and prosperous ex-CIA or OSS associates. The sole purpose of the dinner is to get some help for the Fund.

I think all international companies benefit indirectly and, occasionally directly, from the CIA and, therefore, should be interested in helping to preserve the high quality

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8
companies can justify a contribution to the Educational Fund.

I would like Standard to consider a contribution to this cause which could be made as one-shot contribution or a more modest contribution spread over several years. I would like to discuss this with you.

Best regards,

Sincerely,

INSPECTOR GENERAL

74-3255

1 NOV
1974

Executive Registry

96-10388/2

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : John H. Waller
Inspector General

SUBJECT : McCone Offer

1. I am afraid that I have to recommend against accepting Mr. McCone's offer. His is a generous gesture and I would want to avoid offending him, but present circumstances seems to me to inhibit us.

2. You will note that the August 1974 IG paper dwelt on soliciting gifts for EAF; Mr. Colby's instructions barred the receiving of funds, as well, from individuals doing business with the Agency.

3. Mr. McCone has two relationships with the Agency. One of these is his genuine personal identification with it, dating from his days as Director; the other is peripheral to his role as Director of ITT. It is in the context of the second relationship that the present question takes on special significance. I need not emphasize the sensitivity currently attaching to the ITT relationship. It should be kept in mind that the reported reason for Mr. Nedzi's attitude on relationships of former CIA employees with the Agency is a reflection of the reservations he has about the continued ties between Mr. McCone and CIA.

4. I don't disagree with the general reasoning in Jack Blake's memorandum. In the present instance, however, I feel that it is better to decline Mr. McCone's generous gesture. If you agree with me some one should speak with Mr. McCone personally to minimize the unpleasant connotations that the decision might signify to him.

(signed)
John H. Waller
John H. Waller

McCone/DCI Ref

DDA 76-5344

INSPECTOR GENERAL

Executive Registry

76-10388/1

28 October 1976

MEMORANDUM FOR: Deputy Director of Central Intelligence

FROM : John F. Blake
Deputy Director for Administration

THROUGH : Inspector General

Hank:

1. I refer to the matter raised at the 28 October 1976 Morning Meeting concerning the desire of John McCone to present his fee earned in connection with an article to the Educational Aid Fund. The matter of accepting contributions to the Educational Aid Fund was subject to examination in August 1974. I have attached for your general background in this matter a memorandum addressed to the DCI by the Inspector General on the issue and, additionally, on a routing and record sheet of 19 August 1974, Mr. Colby's directive to me.

2. This is obviously a somewhat delicate matter but, upon my review again of the background material, I would suggest we accept Mr. McCone's offer. He is a "retiree, etc." and the funds realized are as a result of his private endeavors.

3. So that you may have additional advice on this matter I am forwarding this memorandum to you through the Inspector General and have asked him to comment on the matter from his point of view.

/s/ John F. Blake

John F. Blake

3 Atts

Distribution:

Orig - DDCI w/atts
1 - IG w/atts
1 - ER w/atts

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	
OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	E H Kroche		
2			
3			
4			
5			
6			
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
Remarks: He donated the fee for the Encyclopedia Britannica article, too.			
DD/A 76-5343			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
			27 Oct 76
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	

FORM NO. 237 Use previous editions
1-67

(40)

25X1A

JOHN ALEX MCGONE
612 SOUTH FLOWER STREET
LOS ANGELES 90017

October 20, 1976

Mrs. Ethel A. Crockford
Production Editor
General Publications
The H.W. Wilson Company
950 University Avenue
Bronx, New York 10452

Dear Mrs. Crockford:

In response to your letter of October 4th requesting my permission to reprint the article appearing in TV Guide, January 10, 1976, this letter will serve as your authorization to do so.

My delay in responding was created by the fact I felt it advisable to check with the publication prior to granting my permission. You may be interested in their response of which I attach a copy.

With respect to the fee for this reprint, please forward the fee to the Educational Aid Fund, Post Office Box 1490, Main Post Office, Washington, D.C. 20013. This fund is used expressly for the education of children of employees of the Central Intelligence Agency.

Also, thank you for your offer to forward to me a copy of your publication. I shall look forward to receiving it.

Yours most sincerely,

STATINTL

Enclosure

bb

TV GUIDE

RADNOR, PENNSYLVANIA 19088 /215-538-7400

MERRILL PANITT
EDITORIAL DIRECTOR

October 13, 1976

Miss Betty Bothe
Secretary to John A. McCone
612 South Flower Street
Los Angeles, California 90017

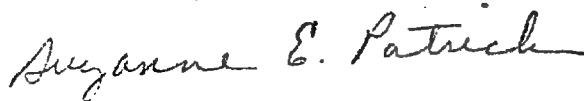
Dear Miss Bothe:

Thank you for your letter of October 8.

Our librarian assures me that The H. W. Wilson Company is a well-known, reputable publisher dealing primarily in reference books. For one, they publish the Readers' Guide to Periodical Literature, which is the bible for librarians and researchers, as it indexes the major magazines. (Our only bone to pick with them is that they do not index TV GUIDE!) I've enclosed literature about The Reference Shelf, as well as Readers' Guide, to give you some background about the company.

I hope this assists Mr. McCone in making a decision.

Sincerely,



Suzanne E. Patrick (Mrs.)
Secretary to Merrill Panitt

Encls.

☐ UNCLASSIFIED

☒ INTERNAL ONLY

☐ CONFIDENTIAL

☐ SECRET

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

ROUTING AND RECORD SHEET

SUBJECT (Optional)

Executive Registry

74-4711

FROM:

OIG

EXTENSION

6565

NO.

DATE

19 August 1974

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

RECEIVED

FORWARDED

1.

DCI

8/20

9/20

9

2.

3.

DDA

SS

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

DD/A

9/20

7

14.

OP

15.

Let us:

a. Stop soliciting or receiving corporate contributions or funds from individuals doing business with us (retirees etc are ok)

b. Advise our oversight committees of this action

To 13: We have advised our committees no problems

20 SEP 1974

STATINTL

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

FORM

610

USE PREVIOUS

☐

SECRET

☐

CONFIDENTIAL

☒

INTERNAL USE ONLY

☐

UNCLASSIFIED

Executive Registry

74-4631

PERS 74-4646

18 AUG 1974

Noted by DCF

9/20/74

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Solicitation of Corporate Contributions for
the CIA Educational Aid Fund

1. Per your request, we have investigated current and past Agency practices with respect to the solicitation of contributions from corporations and outside individuals for the Educational Aid Fund (EAF). Historically, a 15 April 1964 memorandum from the Office of the General Counsel contained the statement that "it would be proper for the EAF to solicit donations from persons and corporations with whom the Agency is doing business." However, the memorandum went on to caution against overzealousness in the sense that prospective contributors should not be left with the impression that they could expect any special considerations or benefits as a result of their donations. The newly constituted EAF Board of Trustees held its first meeting on 21 April 1964 and accepted the proposal that contributions to the EAF may be solicited from outside the Agency. The Board of Trustees agreed to compile a list of Agency and OSS alumni who were considered to be good prospects and to approach them for donations. Although the list was compiled and the subject was enthusiastically discussed at a number of subsequent meetings, it appears from the records that nothing of any substance or significance developed until Mr. John Bross, Chairman of the EAF Board of Trustees, met with Mr. John A. McCone in the latter part of 1970.

2. On 16 November 1970, Mr. McCone agreed to give \$50,000 to the EAF over a period of 10 years and to undertake a fund-raising campaign in New York in February 1971 among alumni and others interested in intelligence activities. The latter included

Administrative - Internal Use Only

**SUBJECT: Solicitation of Corporate Contributions for the CIA
Educational Aid Fund**

business friends and associates of Mr. McCone who were affiliated with some of the largest corporations in the United States. The highlight of the campaign was a dinner hosted by Mr. McCone at the Links Club in New York on 10 February 1971 and attended by about half of those invited. The principal speaker at the dinner was Mr. Richard Helms, then the DCI. As a result of the dinner, a number of substantial contributions were made to the EAF as can be seen from Attachment A, which includes lists of outside contributors from 1971 to the present. Since that time there have been no other fund-raising events. However, throughout 1972, Mr. Lawrence Houston, who succeeded Mr. Bross as Chairman, wrote a number of letters of solicitation to previous contributors. Active outside solicitation seems to have subsided by 1973, since contributions to the fund for the past two years have come mainly from Agency employees and former colleagues such as Mr. McCone and Mr. and Mrs. J. Ramsay Hunt.

3. In our investigation, we could find no one other than Messrs. McCone, Bross, and Houston who solicited donations for the EAF from corporations or individuals outside the Agency. It is inconceivable that any of these three gentlemen could have thought in terms of personal profit in soliciting these donations. Further, we found no evidence to suggest that the Agency consciously bestowed benefits on those who contributed as opposed to those who did not. Although ITT contributed \$5,000 to the EAF in 1971 and has received briefings by the Agency on a number of occasions over the years, the briefings were related to its work as an Agency contractor and there is no indication that these briefings were occasioned by its contribution. The same situation obtains with respect to the other corporations that contributed to the EAF.


4. As Attachment B, I have included a copy of a personal letter from Mr. McCone to a few of his wealthy business friends. I would call your attention to the penultimate paragraph which could provide considerable nourishment to those who have misgivings

SUBJECT: Solicitation of Corporate Contributions for the CIA
Educational Aid Fund

about the Agency. Although the tone of the paragraph is perhaps regrettable, there is again no record of any individual or corporation receiving any special treatment as a result of making a contribution to the EAF.

5. Section 201 of Executive Order 11222 (8 May 1965) states that, unless otherwise authorized by regulation, no employee shall solicit any gift from any person, corporation or group which has or is seeking to obtain a contractual or other business or financial relationship with his agency. It would appear, therefore, that the Agency was remiss in undertaking its external fund-raising campaign for the EAF. I am persuaded, however, that there was no misconduct on the part of any Agency employee in this activity, either from the standpoint of personal gain or of providing special benefits to contributors. Nevertheless, given today's climate, I would suggest that you report this past activity to our oversight committees.

STATINTL


Donald F. Chamberlain
Inspector General

Attachments
As Stated

1971

ITT 5,000.00 ✓

ITT 5,000.00 ✓

When I was Director of Central Intelligence, I was deeply impressed with the quality of the organization - a quality superior to any other agency of government. This superior quality must be preserved.

During my tenure in office, several men were forced to leave and seek private employment because their government salaries, while adequate for their family support at home, did not provide funds necessary to send their children through college.

This worried me and I, therefore, initiated a CIA Educational Aid Fund which is administered by the senior men in the Agency and helps with the problem mentioned above. Since I left the Agency, several attempts have been made to stimulate the Fund but a relatively small amount is contributed annually and hence, there is a short fall between available resources and need.

The problem is handled in the foreign service and in the foreign military services and in the FBI through their alumni associations, i. e., Navy League, Air Force Association, Foreign Service Association, etc. Both the CIA and I are wary of creating such a CIA organization for fear it would be labeled "The Old Spooks".

To help the situation along, I have committed to give \$50,000 personally to the Fund. Also, I am giving a dinner on February 10th at the Links in New York and have invited about 50 of the more prominent and prosperous ex-CIA or OSS associates. The sole purpose of the dinner is to get some help for the Fund.

I think all international companies benefit indirectly and, occasionally directly, from the CIA and, therefore, should be interested in helping to preserve the high quality

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

Best regards,

Approved For Release 2001/11/20 : CIA-RDP79M00467A000200090003-8

23 May 1974

NOTE FOR THE FILE

SUBJECT: Educational Aid Fund

1. This is to amplify the record of telephone conversation with Don Chamberlain.

2. We are not to solicit funds for EAF from any organization who is contracting with CIA. We are to be especially careful in our solicitation of funds with industry generally. I pointed out to Chamberlain that we are not now soliciting funds at all and that we are only regularly getting money from Mr. McCone and from [REDACTED] Dr. Chamberlain and I agreed that if for some reason we should get another contribution from ITT, or similar institutions, I will be in touch with him before endorsing the check.

STATINTL

[REDACTED]
Deputy Director of Personnel

21 May 1974

STATINTL

Telephone call from Dr. Chamberlain to [REDACTED]
(in Mr. Janney's absence):

Chamberlain: You sent Scott all this material on EAF. I went over this with the Director this morning. All I got out of it is not to collect any more donations from an active contractor.

STATINTL

[REDACTED] Now we won't actively solicit. But if something comes in, what do I do with it?

STATINTL

Chamberlain: Is something apt to come in?

STATINTL

[REDACTED] Nothing more than from Mr. McCone, [REDACTED]

Chamberlain: That's OK.

STATINTL

[REDACTED] ITT were in direct response to the appeal. We have not had anything since then and don't expect anything.

Chamberlain: I said I would tell Fred not to go after any more.

STATINTL

[REDACTED] Personally, I didn't think it was a good idea in the first place, but better minds than mine made that decision. You probably saw the exchange. He said he didn't think they ought to be doing it. . . . I will put this in the record and tell Fred, and if we get a check we will let you know.

Chamberlain: Fine.

STATINTL
STATINTL

[REDACTED] In the last couple of years we have had nothing. Once the direct response to the McCone appeal subsided, the contributions have been from people and real friends like the [REDACTED] not the contractors.

Chamberlain: Fine, I will send your files back.

20 MAY 1974

MEMORANDUM FOR: Deputy Inspector General

Scott:

I have looked through our EAF files concerning contributions by ITT.

By way of background, an effort began in 1970, when John Bross was chairman of EAF, to embark on and organize a fund raising campaign. John McCone agreed to host a dinner meeting, which eventually took place on 10 February 1970 at the Links Club in New York City. A list of possible attendees was prepared and a list of those who actually showed up is attached. In addition, Mr. McCone, Mr. Helms, Larry Houston, John Bross, and [REDACTED] attended. I am also attaching a list of people who received invitations.

Quite separately, the file shows that Mr. McCone initiated correspondence to others. We don't have all such correspondence, but I did find a copy of the letter he sent to.

There are, of course, copies of correspondence between Mr. Geneen and Mr. Ned Gerrity of ITT. You will also see attached a breakdown of contributions received during 1971 and since which we specifically relate to Mr. McCone's fund raising dinner meeting.

I am also taking the liberty of sending you our entire file so that you can go through the material yourself to be sure we have not overlooked anything of significance.

[REDACTED]
Deputy Director of Personnel

Attachments

STATINTL

JOHN ALEX MC CONE
612 SOUTH FLOWER STREET
LOS ANGELES 90017

October 20, 1976

Mrs. Ethel A. Crockford
Production Editor
General Publications
The H.W. Wilson Company
950 University Avenue
Bronx, New York 10452

Dear Mrs. Crockford:

In response to your letter of October 4th requesting my permission to reprint the article appearing in TV Guide, January 10, 1976, this letter will serve as your authorization to do so.

My delay in responding was created by the fact I felt it advisable to check with the publication prior to granting my permission. You may be interested in their response of which I attach a copy.

With respect to the fee for this reprint, please forward the fee to the Educational Aid Fund, Post Office Box 1490, Main Post Office, Washington, D.C. 20013. This fund is used expressly for the education of children of employees of the Central Intelligence Agency.

Also, thank you for your offer to forward to me a copy of your publication. I shall look forward to receiving it.

Yours most sincerely,

STATINTL

Enclosure

bb

TV GUIDE

RADNOR, PENNSYLVANIA 19088 /215-538-7400

MERRILL PANITT
EDITORIAL DIRECTOR

October 13, 1976

Miss Betty Bothe
Secretary to John A. McCone
612 South Flower Street
Los Angeles, California 90017

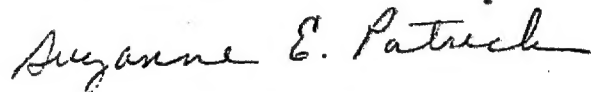
Dear Miss Bothe:

Thank you for your letter of October 8.

Our librarian assures me that The H. W. Wilson Company is a well-known, reputable publisher dealing primarily in reference books. For one, they publish the Readers' Guide to Periodical Literature, which is the bible for librarians and researchers, as it indexes the major magazines. (Our only bone to pick with them is that they do not index TV GUIDE!) I've enclosed literature about The Reference Shelf, as well as Readers' Guide, to give you some background about the company.

I hope this assists Mr. McCone in making a decision.

Sincerely,



Suzanne E. Patrick (Mrs.)
Secretary to Merrill Panitt

Encls.

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED	CONFIDENTIAL	SECRET	
OFFICIAL ROUTING SLIP			
Executive Registry 76-10388			
TO	NAME AND ADDRESS	DATE	INITIALS
1	EH Kroche		
2			
3			
4			
5			
6			
ACTION	DIRECT REPLY	PREPARE REPLY	
APPROVAL	DISPATCH	RECOMMENDATION	
COMMENT	FILE	RETURN	
CONCURRENCE	INFORMATION	SIGNATURE	
Remarks: He donated the fee for the Encyclopedia Britannica article, too.			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.		DATE	
[REDACTED]		27 Oct 76	
UNCLASSIFIED	CONFIDENTIAL	SECRET	

FORM NO. 1-67 237 Use previous editions

(40)

STATINTL
(EXECUTIVE REGISTRY FILE) Mc Lane
DCI box